



Project Management Assessment

Internal Audit Scope

DRAFT

5 February 2021

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Project Management Assessment

Background

South Waikato District Council (SWDC) is interested in identifying opportunities for improvement to project delivery, given the importance of projects within the local government context.

This document outlines the terms of reference for this review and is subject to KPMG's Internal Audit Services Agreement with Waikato Local Authority Shared Services, dated 1 June 2016.

Internal audit objectives

The objective of this internal audit will be to review SWDC's current practices and performance across its portfolio of projects to assess whether projects are effectively managed to ensure the delivery of projects on time, within budget and in accordance with their original intent.

Where opportunities for improvement are identified, we will make recommendations as appropriate, which align with 'good-practice' project management principles.

Some factors which may indicate there are opportunities to improve include:

- Significant unplanned changes occur during project delivery (potentially to timescales, cost, scope or benefits) and without adequate oversight or understanding of the impact to the achievement of objectives, outcomes or benefits.
- Key project delivery risks are not managed or communicated effectively, resulting in issues impacting the project objectives, outcomes or benefits.
- There is inconsistent application of project management or project governance disciplines impacting the project objectives, outcomes or benefits.
- Projects finish without fully realising the objectives or forecast benefits.
- There is a perception from Ratepayers and Elected Members that SWDC should improve its project management performance.

Scope

The scope of the internal audit will require KPMG to focus on the overall project portfolio and consider SWDC's generic approach to project management (and potentially project governance) across the portfolio of projects. This is intended to address aspects that all SWDC projects have in common and will consider SWDC's:

- Policy, standards and methodology applied to project delivery.
- Approach to project initiation, delivery, change management, governance, reporting and stakeholder-engagement.
- Staff capability and capacity (focusing on the project sponsors and project managers and the associated organisational support and resources available to them).
- Overall project management performance, with respect to established 'good practice' and other similar organisations.

Out of scope

KPMG will not perform detailed diagnostics of any specific projects.

Internal audit approach

The internal audit will be completed in accordance with KPMG's Internal Audit Methodology and will follow the approach described below:

Planning

1. Identify key stakeholders and schedule interviews. Stakeholders will include a sample of Councillors, members of the Executive Team, a sample of project managers and other related staff.
2. Obtain and review key information relating to the project portfolio.

Fieldwork

3. Interview key stakeholders to gain an understanding of the review scope.
4. Corroborate and validate information gathered through interviews by further discussions and review of additional documentation as required.
5. Analyse and interpret the results of the interviews and the documentation review.
6. Discuss findings, recommendations and areas for further consideration with the Project Sponsor and other key stakeholders. This is to ensure factual accuracy and validity of the issues identified.

Reporting

7. A report will be drafted detailing the findings and recommendations and provided to Management for documentation of their intended action plan.
8. Issue final report including Management action plans to address the recommendations.

Project Sponsor

Gray Baldwin, Finance, Audit and Risk Committee Chair will be the sponsor of this internal audit and will retain ultimate responsibility for ensuring recommendations arising from this review are actioned. Management will assign a day-to-day contact who will assist KPMG and be responsible for ensuring that the documentation and interviewees required for the review team are made available on a timely basis.

Fees

The estimated fees for KPMG's time and effort is \$26,000 – \$30,000 plus GST and disbursements. This estimate assumes that KPMG will have ready access to necessary interviewees and documentation throughout the review. KPMG will promptly inform the Project Sponsor of any constraints in performing this review and of any additional work requested that could result in any variation of this scope.

Internal audit team

Name	Area of responsibility
David Sutton	— Responsible for the overall quality of the work performed and deliverable provided. — Leads interviews with key Council and Executive Team personnel.
Perry Woolley	— Responsible for the day-to-day management and delivery of this review. — Leads interviews with all personnel, excluding those interviews led by David.

Additional KPMG resource will be used as appropriate to support the delivery of this review.

Indicative timetable

The timetable for this review will be agreed with SWDC prior to commencement and will consider the availability of both SWDC's and KPMG's key personnel.

An indicative timetable is provided below:

Phase	Date
Planning and preparation	12 April 2021
Fieldwork commences	19 April 2021 Interviews will be on both an individual and group basis (where appropriate) to ensure efficiencies in our fieldwork.
Close out meeting with Project Sponsor	23 April 2021
Draft report issued to Management	30 April 2021
Management comments received	7 May 2021
Final report issued to Management	11 June 2021
Final report presented to Finance, Audit and Risk Committee	TBA

Distribution

Name	Title	Audit scope	Draft report	Final report
Management				
Ben Smit	Chief Executive Officer	✓	✓	✓
Finance, Audit and Risk Committee				
Finance, Audit and Risk Committee		✓		✓
External Auditors				
Audit New Zealand				✓

Approval of internal audit scope

Approved by:

David Sutton
Partner, KPMG
Date:

Approved by:

Gray Baldwin
Chair, SWDC Finance, Audit and Risk Committee
Date:

Contact us

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